

DEPARTMENT OF WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SOLUTIONS
ADMINISTRATOR'S MEMO SERIES

___ ACTION
___ NOTICE 05-18

ISSUE DATE: 9/16/2005
DISPOSAL DATE: 12/31/06

*PROGRAM CATEGORIES:

| | | | |
|-------------|--------|--------|---------|
| ___ AS | ___ FM | ___ ML | ___ TR |
| ___ CC | ___ FL | ___ NA | ___ W-2 |
| <u>X</u> CS | ___ IT | ___ RA | ___ WIA |
| ___ CF | ___ JC | ___ TC | |
| ___ CR | ___ LM | ___ TA | |

To: Child Support Agency Directors

From: Bill Clingan /s/
Division Administrator

RE: CALENDAR YEAR 2006 CHILD SUPPORT PERFORMANCE MEASURES AND
PERFORMANCE-BASED FUNDS

PURPOSE:

The Child Support contract between the Department and local agencies specifies that certain funds will be awarded on a performance basis. This memo describes the performance standards which apply to the performance funding for CY 2006 (January 1, 2006 – December 31, 2006).

BACKGROUND:

The federal government awards child support incentive funding to states based on performance. The amount of money awarded to each state is determined based on each state's collections and performance on five performance measures: #1 court order establishment; #2 paternity establishment; #3 percentage of current support collected; #4 arrearage cases with a collection; and #5 cost effectiveness.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 prohibits the use of performance-based funds for programs or services other than child support. Therefore, all child support incentive funds must be used by local agencies to pay the costs of child support program administration and for no other purpose. States are not permitted to supplant local spending with increased federal incentive funds. Local agencies must reinvest any increased incentive funds in the child support program to improve performance.

* PROGRAM CATEGORIES:

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|---------------------------------|--|------------------------------|----------------------------------|
| AS--Apprenticeship Standards | FM--Financial Management Requirements | ML--Migrant Labor | TR--Transportation |
| CC--Child Care | FL--Foreign Labor Certification | NA--Native American Services | W-2--Wisconsin Works |
| CS--Child Support | IT--IT Systems | RA--Refugee Assistance | WIA--Workforce Investment Act |
| CF--Children First | JC--Job Center | TC--Tax Credit Programs | |
| CR--Civil Rights | LM--Labor Market Information | TA--Trade Assistance | |

To ensure that Wisconsin earns the highest possible federal award, the Department of Workforce Development (DWD) uses a performance-based approach to award incentive funding to local child support agencies.

The incentive distribution process is defined in *Administrative Rule DWD 44, Child Support Incentive Payments*. Under the Rule, federal standards or other measures may be used to help Wisconsin meet statewide performance goals.

This memo outlines the incentive payment process and the performance requirements for state-county contract year 2006. The Division of Workforce Solutions (DWS) determined these performance measures, targets, and incremental improvement criteria in consultation with a committee of county representatives from the child support Policy Advisory Committee (PAC Contract Committee).

PERFORMANCE-BASED ALLOCATION METHODOLOGY

Projected Regular Incentive Funding for CY 2006

The estimated amount of federal incentive funds available for the performance-based allocation in 2006 is \$13,256,650. This is the amount that was projected by the Department of Administration and included in Governor Doyle's budget bill. When matched with 66 percent federal funds for allowable child support activities, the \$13.25 million generates \$25.72 million in federal funds, for a total of \$38.97 million for the local CSAs. In the event that actual child support incentive funds for 2006 are greater than or less than \$13.25 million, the actual amount will be prorated across all counties according to each agency's share of earned incentives. An Administrator's Memo with the \$13.25 M. preliminary notice of CSA allocations for 2006 was issued on May 27, 2005.

Guaranteed Amounts

Under Wisconsin Statute s. 49.25, the Department shall provide an amount up to \$12.34 M, plus 30% of the amount that exceeds \$12.34 M, to CSAs each year. In consultation with the PAC Contract Committee, it was determined to guarantee 80% of the first \$12.34 M for CY 2006.

The county share of incentive funds in excess of \$12.34 M, estimated at \$916,650, will be applied to the Current Support Collections and Arrears Cases with Collections performance measures. It was determined to guarantee 70% of the amount in excess of \$12.34 M for CY 2006.

Case Counts and the Performance Baseline

OCSE has advised Wisconsin to change the way we count IV-D cases for performance effective for FFY 2006. We must count separate custodians within a court case as separate IV-D cases. For instance, if children were placed in foster care or with a relative custodian, we must count each placement type/relative custodian as a separate case.

This change will have no impact on the paternity establishment rate which counts children, or on current support collection rate which counts dollars owed and collected. This change will, however, significantly increase the number of IV-D cases and number of court orders reported on the OCSE 157 Report. This change is expected to have a significant negative impact on the number of arrears cases and arrears cases with a payment on arrears. Therefore, the PAC contract committee recommended that the arrears measure be weighted less than the other measures for CY 2006.

BCS is making changes to capture the new case counts. Once the programming is complete, we will rerun the FFY 2005 performance calculations to identify the September 30, 2005 baseline for CY 2006 performance. The agency's performance as of September 30, 2006 will be compared to the September 30, 2005 baseline for all performance measures.

Earning 2006 Performance Funds

Performance funds may be earned in two ways. An agency may earn 100% of the available funding by meeting or exceeding the statewide target or an agency may earn 100% of the available funding based on incremental improvement toward the statewide target.

If some agencies do not meet performance standards for the incentive funding, any unearned funds will be distributed to all agencies based on each agency's proportionate share of the statewide earnings.

Court Order Rate

The Court Order Rate (CO Rate) is the ratio of the number of IV-D cases with court orders to the total number of IV-D cases as of the last day of the federal fiscal year (September 30). Court orders include all legally enforceable court orders, including current support orders, arrearage orders, medical support orders, work-search orders, and orders that are held open by the court.

Thirty percent (30%) of the performance funds will be awarded based on the court order establishment measure.

Statewide Target and Baseline (No change for CY 2006)

The statewide target for Court Order Establishment Rate is 80%. Agencies that have a CO Rate of at least 80% as of September 30, 2006 will earn 100% of the funds available under this measure. The required incremental improvement is 2% for agencies with a baseline below 78%.

For agencies that have a CO Rate below 80% as of September 30, 2006, funding will be awarded as shown on the attached Court Order Charts A and B.

- Agencies starting with a baseline of 78% or above on September 30, 2005 will earn between 80% and 100% of the available funding based on the final September 30, 2006 CO Rate, as shown on *Court Order Chart A*.
- Agencies starting with a baseline below 78% on September 30, 2005 will earn between 80% and 100% of the available funding based on incremental improvement in the final September 30, 2006 CO Rate, as shown on *Court Order Chart B*.

Paternity Establishment Rate

The Paternity Establishment Rate (PE Rate) is the ratio of the number of paternity-related children present in the IV-D caseload as of September 30, 2005 to the total number of paternity related children present in the IV-D caseload anytime during the federal fiscal year who have paternity established.

The definition of paternity-related children includes all children under the age of 19 for whom paternity has ever been an issue. Paternity establishments include acknowledgements,

legitimizations, or judicial actions, whether or not the agency handled the paternity action. Each paternity-related child is counted only once, even if the child is present in multiple IV-D cases.

Children whose IV-D cases close or who turn age 19 during the year are counted. Therefore, agencies may achieve more than 100% PE Rate.

Thirty percent (30%) of the performance funds will be awarded based on the paternity establishment measure.

Statewide Target and Baseline (No change for CY 2006)

The statewide target for Paternity Establishment Rate is 90%. Agencies that have a PE Rate of at least 90% as of September 30, 2006 will earn 100% of the funds available under this measure.

Agencies will earn between 80% and 100% of the available funding based on the final September 30, 2006 PE Rate, as shown on the attached *Paternity Establishment Chart*.

Current Support Collection Rate

The Current Support Collection Rate (CSUP Rate) is the ratio of the total amount of current child support and spousal support due in the IV-D caseload during the federal fiscal year to the total amount of current support and spousal support disbursed during the federal fiscal year. Current support due and current support disbursed are cumulative for each month of the federal fiscal year.

In April 2005, a change was made to the KIDS system to capture backdated collections as current support paid. Backdated collections are amounts deducted from wages or unemployment insurance payments in one month, but received at the SDU in a subsequent month. Because we do not have a baseline that includes backdated collections for FFY 2005, in CY 2006, the current support collection performance ratio will be measured ***without the impact of backdating***. The PERF report has been modified to show individual county performance with and without the impact of backdating.

Twenty-five percent (25%) of the performance funds will be awarded based on the current support collection rate measure.

Statewide Target and Baseline

The statewide target for Current Support Collection Rate is 80%. Agencies that have a CSUP Rate of at least 80% as of September 30, 2006 will earn 100% of the funds available under this measure. The required incremental improvement is .5% for agencies with a baseline below 79.5%.

For agencies that have a CSUP Rate below 80% as of September 30, 2006, funding will be awarded as shown on the attached Current Support Collection Charts A and B.

Allocation of \$12.34 Million

- Agencies starting with a baseline of 79.5% or above on September 30, 2005 will earn between 80% and 100% of the available funding based on the final September 30, 2006 CSUP Rate, as shown on *Current Support Collection Chart A*.

- Agencies starting with a baseline below 79.5% on September 30, 2005 will earn between 80% and 100% of the available funding based on incremental improvement in the final September 30, 2006 CSUP Rate, as shown on *Current Support Collection Chart B*.

Allocation in Excess of \$12.34 Million

- Agencies starting with a baseline of 79.5% or above on September 30, 2005 will earn between 70% and 100% of the available funding based on the final September 30, 2006 CSUP Rate, as shown on *Current Support Collection Chart A*.
- Agencies starting with a baseline below 79.5% on September 30, 2005 will earn between 70% and 100% of the available funding based on incremental improvement in the final September 30, 2006 CSUP Rate, as shown on *Current Support Collection Chart B*.

Arrearage Cases Collection Rate

The Arrearage Case Collection Rate (ACC Rate) is the ratio of the number of IV-D cases present in the caseload during the federal fiscal year with an arrearage balance to the number of arrearage cases with a qualifying payment disbursed toward arrearages at any time during the federal fiscal year. Exception: A tax intercept collection that is applied toward state arrearages is not considered a qualifying arrearage disbursement when there are also arrearages owed to the family.

The definition of an arrearage case includes IV-D cases with an arrearage, interest or past support balance greater than zero. Cases with only current support debts, spousal, lying-in, and/or other cost debts are not included. Each arrearage case is counted only one time during the federal fiscal year, and each arrearage case with a qualifying arrearage disbursement is counted only once, no matter how many qualifying arrearage disbursements occur during the year.

Fifteen percent (15%) of the performance funds will be awarded based on the arrearage collection measure.

Statewide Target and Baseline

The statewide target for Arrears Collection Rate is 80%. Agencies that have an ACC Rate of at least 80% as of September 30, 2006 will earn 100% of the funds available under this measure. The required incremental improvement is 1% for agencies with a baseline below 79%.

For agencies that have a ACC Rate below 80% as of September 30, 2006, funding will be awarded as shown on the attached Arrears Collection Charts A and B.

Allocation of \$12.34 Million

- Agencies starting with a baseline of 79% or above on September 30, 2005 will earn between 80% and 100% of the available funding based on the final September 30, 2006 ACC Rate, as shown on *Arrears Collection Chart A*.
- Agencies starting with a baseline below 79% on September 30, 2005 will earn between 80% and 100% of the available funding based on incremental improvement in the final September 30, 2006 ACC Rate, as shown on *Arrears Collection Chart B*.

Allocation in Excess of \$12.34 Million

- Agencies starting with a baseline of 79% or above on September 30, 2005 will earn between 70% and 100% of the available funding based on the final September 30, 2006 ACC Rate, as shown on *Arrears Collection Chart A*.
- Agencies starting with a baseline below 79% on September 30, 2005 will earn between 70% and 100% of the available funding based on incremental improvement in the final September 30, 2006 ACC Rate, as shown on *Arrears Collection Chart B*.

CONTACT: CS Regional Administrators

Attachment: Arrears Collection Charts